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# Agricultural Situation

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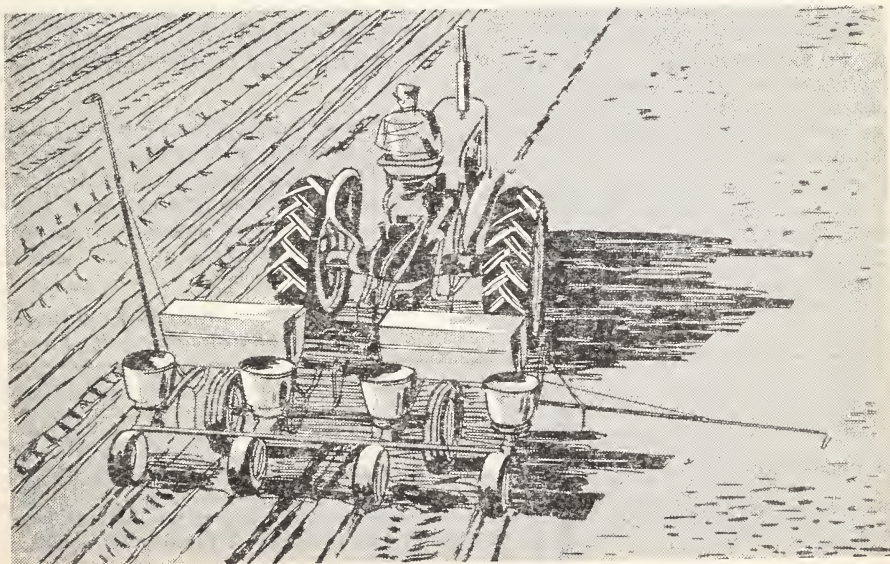
## NATION'S FARMERS PLAN SAME TOTAL ACREAGE AS IN 1963

As of the first of March, the Nation's farmers intended to plant 261 million acres to 17 major crops, about the same as last year but 2 percent less than in 1962.

Adding this acreage to that for crops not surveyed at this time, the 1964

total planted acreage would be 310 million, the largest since 1960 but the fourth smallest of record.

Growers planned an acreage of 127 million for feed grains—corn, oats, barley, and sorghums—3 percent less than last year and a tenth less than average.



Prospective corn acreage is down nearly 2 percent with sharp reductions in prospect in the Western Corn Belt States. Barley acreage is expected to drop 7 percent and that for oats, 4 percent.

Food grain acreage is expected to increase 3 percent in 1964—1 percent more than average. Total wheat acreage is expected to increase 3 percent with durum up 16 percent and other spring wheat up 4 percent. Winter wheat seedlings were up 2 percent.

Soybean acreage is continuing its upward trend—8 percent more than in 1963. More soybean acreage is indicated in most producing States with only Oklahoma and Pennsylvania showing cuts.

For the other oilseed crops, acreage of peanuts is slightly smaller than last year and flaxseed growers plan to grow 5 percent fewer acres in 1964.

The acreage of hay crops to be cut in 1964 is slightly more than last year. Some States with short supplies plan significant increases. Only the North Atlantic region, where prospects for hay are excellent, plans a decrease.

Sugar beet acreage is expected to be 9 percent larger than last year and a third larger than average. Growers in all areas plan to increase acreage in 1964 with significant new acreage planned in the Texas Panhandle.

Intended plantings of dry beans are 3 percent larger than in 1963, but 2 percent less than average. All producing areas expected acreage to equal or exceed last year with the Northeast leading the increase.

Growers of dried peas intend to plant 6 percent more acres than last year and nearly a tenth more than average. The Pacific Northwest States plan increases of 5 to 7 percent but the Minnesota acreage is headed for a sharp drop.

If tobacco growers follow their March 1 plans, the tobacco acreage in 1964 will be the smallest since 1908 and 8 percent less than last year. Decreases for last year are expected in all major classes except cigar binder and cigar wrapper, largely because of reduced allotments for most types.

The combined acreage of all groups of potatoes planted or to be planted for 1964 harvest is expected to be 3 percent less than last year and 7 percent less than average. Smaller acreage is indicated for each of the seasonal groups with the sharpest reduction in the late spring and winter groups. Sweetpotato growers intend to plant 7 percent fewer acres than last year and the smallest of record.

Growers intend to plant a slightly greater acreage of rice in 1964. Although the 1964 allotment is the same as last year, the excellent 1962 and 1963 crops encouraged growers in the southern rice area to utilize their allotments more fully.

As of March 1 growers intended to plant slightly less cotton than in 1963. The 1964 upland cotton allotment is down fractionally from 1963 while the American Egyptian allotment is down about 25 percent.

Based on average yields, with an allowance for trend and a reasonably favorable growing season, production, compared with 1962, could be as follows:

Corn, down 1 percent, but 10 percent above average; all wheat, up 7 percent, but 3 percent below average; oats, down 1 percent and the smallest crop since 1939; barley, down 6 percent; and sorghum, up 4 percent and 11 percent above average.

Charles E. Burkhead  
*Statistical Reporting Service*

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# FOOD USE AND TRENDS

## FOOD USE, 1963

In 1963 the average American spent \$400 on food, less than 19 percent of his disposable income—a record low percentage for the United States.

The total U.S. food bill was \$75½ billion, up nearly 3 percent from 1962. Retail food prices averaged 1½ percent higher than in the previous year. Most animal food prices sagged slightly while prices of food from crops rose an average of 4 percent.

A population increase of 1½ percent in 1963, plus a rise of almost 3 percent in per capita income, increased food store sales and consumption last year.

Fresh fruits and vegetables led in pounds of food consumed per capita.

A jump of almost 7 pounds brought per capita meat consumption to over 170 pounds. Most of the increase was in beef but pork consumption rose too. In total, food consumption rose half of 1 percent per capita last year.



## FOOD USE, 1968

By 1968 food consumption in the United States should rise more than 9 percent. But population is expected to increase nearly as much, therefore per capita consumption will increase only slightly.

Calorie and protein consumption per capita should remain about the same during the next 5 years. The demand for beef is expected to continue strong; pork may decrease slightly. Consumption rates for eggs and dairy products may also drop, with butter down the most.

The trend of consumers buying more expensive, low carbohydrate foods such as meats, poultry, and vegetables in place of high carbohydrate foods should continue through 1968.

Housewives probably will keep on buying more "convenience foods" as income levels rise. Substitution of processed for fresh fruits and vegetables is expected to continue but at a somewhat slower rate.

## WORLD FOOD TRENDS

Trends in food production and trade show less developed countries are losing their capacity to feed themselves.

A limited supply of arable land exists in the world and growing populations have reduced the land-man ratio significantly. For example, Asia has 56 percent of the world's people but only 31 percent of the arable land.

Improving agricultural yields is seen as the major solution to the world food problem. This means greater use of fertilizer and pesticides, improved seeds and machinery, and multiple cropping and irrigation.

The single most important means to expand future output probably is greater fertilizer use along with improved agricultural technology. Less-developed nations will need to expand fertilizer use about 7 times by 1980 if they are to meet their increasing food needs.

Stephen J. Hiemstra  
*Economic Research Service*

# outlook



## DAIRY

After the first quarter of this year, manufacturing grade milk prices are expected to be about the same as in 1963 and near the support level. Increased use of milk for fluid purposes may continue to keep the price of all wholesale milk above the 1963 level through the second quarter of this year. Total civilian consumption of all dairy products in 1964 is expected to rise above last year's level with little change in per capita consumption.

## CATTLE PRICES

Fed cattle prices this spring probably will increase in response to smaller supplies. Prices will probably improve in the second quarter and likely will be above the \$23.02 for choice steers at Chicago in April-June 1963. The increase is expected to be carried into the third quarter.

## COTTON

Mill consumption of cotton is expected to increase slightly this season and exports of cotton during the 1963-64 crop year are expected to total 1.8 million bales more than in the previous season. However, despite increased use and exports, carryover of all kinds of cotton on August 1, 1964, is expected to total nearly 13.0 million bales—an increase of 1.7 million bales since last August 1 and the largest carryover since the record high in 1956.

## BEEF IMPORTS

Beef imports in 1964 will be smaller than in 1963 as a result of agreements

signed between the United States and Australia, New Zealand, and Ireland that limit meat exports to the U.S. These countries supplied about three-fourths of the beef and veal imports in 1963. The agreement with New Zealand and Ireland covers beef and veal. The agreement with Australia also includes mutton.

## WOOL

U.S. mills are expected to buy more domestic wools than foreign wools during the spring and summer of this year because domestic wool prices have not increased as much as those for foreign wools.

## LIVESTOCK SLAUGHTER

Slaughter of fed cattle will be a bit below 1963 levels in the second quarter. Fed cattle marketings in the third quarter, however, are expected to be little different from a year earlier. Slaughter of sheep and lambs in 1964 likely will fall 4 to 6 percent below last year's level. Hog slaughter is expected to drop off progressively during the year because of the smaller number of pigs born in late 1963.

## WHEAT

Record exports during July-December 1963, about 390 million bushels, substantially reduced stocks by January 1. And this high export level is expected to continue during the remainder of this crop year. Current expectations point to a June 30 carryover of about 890 million bushels. Only a negligible part of this carryover will be soft wheats.

# AGRICULTURE—A LOOK 5 YEARS IN FUTURE

No one can foresee exactly what is going to happen to agricultural production and income 5 years from now, because many factors shape agricultural output and prices. Weather, world trade, farm programs, national economic health, international crises, and changing prices are a few examples.

Outlook projections for as far as 5 years ahead must be conditional. Forecasts must assume that certain things, that are likely to happen, will happen.

The Economic Research Service has completed a comprehensive study to determine what can be expected for agriculture output, prices, and income in 1968. The major assumptions are:

- Average or normal weather to prevail.

- The national economy to grow 4 percent per year, or a total increase in the gross national product of 20 percent.

- The wheat program resulting from the 1963 referendum and 1963 programs for other commodities to continue to 1968.

- No major wars or other international crises.

- Population to grow from 189 million in 1963 to 206 million in 1968.

- Consumers income or buying power to increase 15 percent.

- Food for Peace exports to grow at the same rate as commercial exports.

These assumptions together with economic and technological information lead us to the following projections for 1968:

The technological revolution, that caused agriculture's output in the 1950's to grow faster than domestic and foreign markets, will continue. However, the growth in output potential in the 1960's probably will be at a slower rate as farmers bring fertilizer use up near optimum rates and fully use other available technology. Moreover, with current farm programs continued, farm production will be held in check by

acreage allotments, acreage diversion payments, and other inducements to keep farm production and markets in balance.

Under the assumed conditions, farm output is projected 11 percent higher in 1968 than in 1963. Crop production may increase a little more than 11 percent and livestock production a little less. The big output gainers, in the next 5 years, are expected to be beef, poultry, wheat, and soybeans. Wheat production may increase primarily because acreage allotments are eliminated under the wheat program assumed for crops of 1964 to 1968. Moderate production increases are projected for pork, eggs, milk, and cotton.

These levels of production will provide the consumers with more meat and poultry than ever before. Retail prices are expected to rise only because the consumer demands more convenience foods such as TV dinners, frozen french fries, etc. Although his income will be higher, the consumer will moderately reduce his purchases of eggs, milk, pork, and cereal products.

Larger quantities of farm products will be shipped overseas, probably 7 to 8 percent more than in the record year 1963. Larger exports are projected both for dollar sales and exports under Food for Peace programs. Exports of feed grains, soybeans, and vegetable oils are expected to increase most.

Total output and utilization of farm crops would be about in balance throughout the next 5 years, as production is held in check. However, during the period, reductions in stocks of wheat and feed grains would be just about offset by mounting stocks of cotton and dairy products.

Gross farm income would be about 8 percent larger in 1968 than in 1963. But farm production expenses would be larger, too, leaving net farm income slightly less than in 1963. Net income per farm may increase about 10 percent.

Alvin C. Egbert  
*Economic Research Service*



# RECORD RICE EXPORTS FOR UNITED STATES IN 1963-64

A record large 1963 rice crop, a good sized carryover, plus some imports, will give the United States a 1963-64 supply of 77.9 million hundredweight—9 percent more than last year's large supply and almost a fifth more than average.

Last year's crop of 70.1 million hundredweight was 6 percent larger than the previous record and 40 percent larger than the 1957-61 average. The increase was entirely the result of higher yields, because the harvested acreage was slightly less than in 1962.

Production of Nato variety continued to increase, accounting for about 37 percent of the 1963 crop or  $2\frac{1}{2}$  times as much as in 1959. Production of medium grains totaled 32.5 million hundredweight, 5 million more than in 1962 and more than twice as much as in 1959.

A further decline was noted for Bluebonnet, the major long-grain variety. In 1963, this variety made up 25 percent of the total crop compared with 33 percent in 1959.

Belle Patna, another long-grain variety, registered a sharp increase in 1963. Total long-grain rice production was 27.6 million hundredweight in 1963, down slightly from 1962. Short-grain production was down from both 1962 and 1959.

Total domestic disappearance of rice in 1963-1964 is expected to be about 28.8 million hundredweight (rough basis), with food use totaling about 22.5 million. This quantity for food would be a moderate increase from the 21.7 million hundredweight used in 1962-63 and would be in line with the long-time upward trend.

Exports of rice in 1963-64 may total 40 million hundredweight, 12 percent more than last year and 7 percent more than the record rice exports in 1956-57.

However, the export estimates are subject to some uncertainty this year, mainly because of the current status of Indonesia, which normally buys

about 5 to 6 million hundredweight (rough equivalent) of rice from the United States each year. A number of small importing nations have indicated an interest in obtaining rice under Public Law 480 programs. Their combined purchases would do much to offset whatever rice supplies Indonesia normally receives.

Another factor in the rice export picture is the Soviet Union and the Eastern European Bloc countries. The United States sold about 1.5 million hundredweight to the Soviet Union and a small amount to Poland.

The European Economic Community (EEC) agreed on rice regulations for the Common Market. These regulations give preferential treatment to rice-producing countries in the Market—France and Italy. However, the new regulations probably will not have a pronounced effect on U.S. exports during the current marketing year.

With the projected total disappearance in 1963-64 of nearly 69.0 million hundredweight, the rice carryover on August 1, 1964 will probably increase somewhat—to 9.0 million hundredweight. This carryover would be above a year earlier but substantially below the high levels of the mid-1950's when the carryover ranged from 15 to 35 million hundredweight.

The national acreage allotment and the national average price support rate for the 1964 rice crop are the same as those for the 1963 crop—1.8 million acres and \$4.71 per hundredweight. The March Crop Report indicates the 1964 crop may be about the same as that of last year.

On a worldwide basis, rice production is expected to set a record in 1963-64. The world harvest, forecast last November at 154.3 million metric tons, is 1.9 million above the previous record set in 1961-62.

William R. Askew  
*Economic Research Service*



# STOCKS OF POTATOES SMALLER THAN IN 1963

Growers and local dealers in the fall producing areas of the Nation held 67.9 million hundredweight of potatoes on March 1 of this year, 6 percent less than a year earlier, and 8 percent less than the record for March 1 in 1962.

The 8 *Eastern* fall States had 6 percent less potatoes than a year earlier. Stocks in Maine, the leading State in this area, were down 15 percent.

In the 9 *Central* fall States, stocks were down 3 percent. Only Minnesota held larger stocks than a year earlier.

Stocks in the 9 *Western* fall States were up 4 percent. Idaho and Montana had more stocks and Colorado, Oregon, and California had smaller stocks.

Disappearance this season was more rapid, percentagewise, than during the previous two seasons. Between time of harvest and March 1, 65 percent of the 1963 fall crop of potatoes was used. In 1963, disappearance totaled 62 percent and in 1962—64 percent.

O. M. Frost  
*Statistical Reporting Service*

## TALL OIL RECORD

Output of crude tall oil should hit a record 1,050 million pounds this year, a rise of 6 percent over last year's production.

Although prices may edge up as they did during 1960-63, tall oil likely will maintain its economic advantage over competitive vegetable oils.

As a byproduct of the sulphate paper industry, tall oil prices are cheaper and more stable than the drying oils (linseed and soybean) and it is available when vegetable oils are scarce. It is also in the most favorable position to command a larger share of the rosin market. Again, it is cheaper than wood and gum rosins and comes from a dependable source of supply.

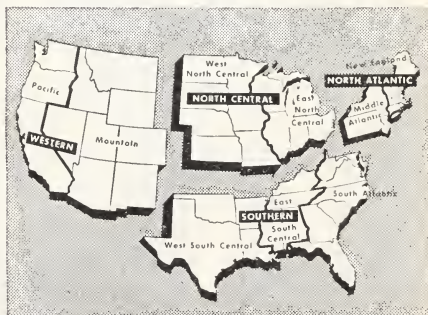
George W. Kromer  
*Economic Research Service*

April 1964

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